Executive Branch Policy Concerning Separation Agreements

Executive branch departments are authorized to enter into a separation incentive agreement with employees in the state personnel system only if the following conditions apply:

- Pursuant to State Personnel Board Rule R-7-21 a separation incentive agreement may be offered to an employee when a layoff is in progress or, after March 30, 2003, when a layoff is anticipated.

- The layoff is the result of a need to achieve a permanent reduction in personal services within the department;

- The employee has retention or "bumping" rights which would reduce any personal services savings associated with his or her lay off or when it results in the same savings and eliminates further bumping.

- The personal services savings that result from the separation of the employee is realized by the end of the next fiscal year and is greater than the cost to the department of the separation (i.e., the cost of the separation agreement plus any related payouts for unused vacation or sick leave);

- The cost to the department of the separation incentive, including leave payouts, can be funded from within the department's base appropriation;

- The Director establishes the parameters for the maximum amount of money the employee can receive. Currently, the established maximum amount is limited to one week of salary for each full year of uninterrupted state service, up to a maximum of 27 weeks. Additionally, any such separation incentive shall not exceed 25% of annual salary.

- The executive director of the department documents that the separation agreement meets the above criteria; and

- The agreement is approved by the State Controller's Office.

Any separation agreement that does not satisfy the conditions above must be pre-approved by both the Director of the Governor's Office of State Planning and Budgeting and the Director of the Department of Personnel and Administration.

3/10/03